

# SENATE BILL REPORT

## SB 6904

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As of February 14, 2008

**Title:** An act relating to providing tax relief for property damaged as a result of a natural disaster.

**Brief Description:** Providing tax relief for property damaged as a result of a natural disaster.

**Sponsors:** Senators Swecker, Roach and Rasmussen.

**Brief History:**

**Committee Activity:** Ways & Means: 2/12/08.

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### SENATE COMMITTEE ON WAYS & MEANS

**Staff:** Dianne Criswell (786-7433)

**Background:** Sales tax is imposed on the retail sales of most items of tangible personal property and some services. Use tax is imposed on the privilege of using tangible personal property or services in instances where the sales tax does not apply. This includes purchases made from out-of-state seller; purchases from sellers who are not required to collect Washington State sales tax; and items purchased for use by the producer, or as gifts and prizes. The tax is measured by the value of the item at the time of the first use within the state, excluding delivery charges. Use taxes are levied by the state, counties, and cities at the same rate as the sales tax. Combined state and local use tax rates vary from 7 to 8.9 percent, depending on location.

**Summary of Bill:** Tangible personal property and labor and services for construction, repair, decorating, or rebuilding a residence damaged during the December 2007 floods is exempt from the sales and use tax. Eligible persons must reside in a county designated as a disaster area by the Federal Emergency Management Agency and be eligible to receive individual assistance. Buyers must use an exemption certificate issued by the Department of Revenue. The total amount of the exemption may not exceed \$200,000 for an eligible person.

**Appropriation:** None.

**Fiscal Note:** Requested on February 4, 2008.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** The bill contains an emergency clause and takes effect immediately.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

**Staff Summary of Public Testimony:** OTHER: The Department has concerns about the policy and administration of the proposed tax exemptions. Remittances are difficult to administer and are labor intensive.

**Persons Testifying:** OTHER: Joanne Gordon, Department of Revenue.